

No. **2024-8664**

**Official Order
of the
Texas Commissioner of Insurance**

Date: 5/17/2024

Subject Considered:

Travelers Personal Insurance Company
1 Tower Sq
Hartford, CT 06183-0001

Consent Order
TDI Enforcement File No. 34232

General remarks and official action taken:

This is a consent order with Travelers Personal Insurance Company (Travelers). Travelers self-reported to the department that it discovered an error with its credit scoring model that resulted in certain policyholders being overcharged and certain policyholders being undercharged. Travelers has agreed to pay restitution to the policyholders who were overcharged.

Waiver

Travelers acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Travelers waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

Findings of Fact

1. Travelers is a foreign fire and casualty insurance company holding a certificate of authority to transact business in Texas.

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2. In February 2024, Travelers notified the department that it discovered an error in the calculation of insurance scores used to rate homeowner policies. The error resulted in both overcharges and undercharges, and began in August 2018.
3. Travelers represents that it discovered the error in September 2023 and promptly began working with its vendor to address the issue.
4. Travelers represents that the overcharges affected Texas policyholders by approximately \$1.6 million and the undercharges by more than \$1.2 million.
5. Travelers represents it will not recover premium from the policyholders who were undercharged.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 801.051–801.053, and 2251.101.
2. The commissioner has the authority to informally dispose of this matter as set forth in TEX. GOV'T CODE § 2001.056; TEX. INS. CODE §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.
3. Travelers has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. Travelers violated TEX. INS. CODE § 2251.101 by charging rates different than those on file with the department.
5. Travelers violated TEX. INS. CODE § 559.151 and 28 TEX. INS. CODE § 5.9352 by using a credit scoring model that differed from the one on file with the department.
6. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct Travelers to make complete restitution to each policyholder overcharged by the violation.

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Order

Travelers is ordered to comply with the following:

- a. Travelers must identify all homeowners insurance policies issued or renewed in Texas with effective dates from August 1, 2018, through May 31, 2024 (the Review Period).
- b. For each policy in the Review Period, Travelers must calculate the Corrected Premium using the correct credit scoring model. If the premium charged is more than the Corrected Premium, the difference constitutes the "Overcharge."
- c. Travelers must pay restitution in the form of a company check or account credit to each policyholder identified in the Review Period as having an Overcharge (the Qualifying Policyholders). The restitution check or account credit must include both the dollar amount of the overcharge, plus simple interest due on the overcharge. The rate of interest is 5% per annum.
- d. Travelers must mail the restitution checks or issue the account credits to the Qualifying Policyholders on or before December 15, 2024.
- e. Any restitution checks that are returned to Travelers with an address correction must be promptly resent to the correct address. Funds from any restitution checks that are returned thereafter for incorrect addresses and from checks that are not negotiated must be reported and delivered to the comptroller pursuant to the procedures and deadlines set forth in TEX. PROP. CODE §§ 72.001 *et. seq.*, 73.001 *et. seq.*, and 74.001 *et. seq.*
- f. On or before March 1, 2025, Travelers must report the restitution paid to the Qualifying Policyholders by submitting a complete and sortable electronic spreadsheet to the department. The spreadsheet must contain the following information:
 - i. policy number;
 - ii. policyholder name;
 - iii. policyholder address;
 - iv. effective date of the policy;
 - v. expiration date of the policy;


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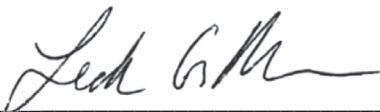
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- vi. amount of Overcharge;
 - vii. dollar amount of simple interest;
 - viii. amount of Overcharge and interest;
 - ix. date(s) of mailing of restitution check or credits;
 - x. the total sum of all Overcharges;
 - xi. the total sum of all simple interest; and
 - xii. the total sum of all restitution paid (total Overcharges plus the total of the simple interest).
- g. Travelers must send all submissions required under the terms of this order by email to: EnforcementReports@tdi.texas.gov.

DocuSigned by:

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Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Mandy Meesey, Associate Commissioner
Enforcement

